
MPO CHANGE ORDER POLICY

STAFF REPORT
April 13, 2006

MPO Change Order Policy

Staff Report
April 13, 2006

BACKGROUND:

INDOT has requested that each MPO (there are 13) adopt a change order policy for local road projects using federal funds. Without an adopted policy, INDOT's Office of Policy and Budget Fiscal Management will pay all change orders whether or not there is sufficient remaining money programmed in our TIP for that specific project. The effect of having no adopted policy is that federal funds programmed for another government's road project(s) could be significantly reduced without their approval. INDOT pays cost overruns out of our total community pot of federal funds without regard to the amount programmed for each project.

EXPLANATION

For many years, we have followed an unwritten policy that change orders resulting in project cost overruns beyond the amount programmed in the TIP have to be paid with 100% local money or that jurisdiction has to request more funds through the TIP amendment process. This unwritten policy forms the basis for the attached written policy with one major change.

When the Administrative Committee reviewed the proposed draft, some elected officials expressed concern that unforeseen problems, especially during construction, could be so significant that the local government would not be able to pay for the cost overruns from its own money. Although this has never happened, to plan for such a circumstance, the written policy contains a section that requires 5% of the estimated federal funds to be left unprogrammed in the TIP. All requests for additional money to be programmed from the 5% pot have to follow the standard TIP amendment process. While solving one problem, this addition to the policy creates another, in that all unprogrammed funds are lost to the community at the end of the life of each transportation bill. To solve the second problem, the policy states that APC staff will make the determination as to when it is necessary to program all remaining funds so that they are not lost for community use.

STAFF RECOMMENDATION:

Adoption

**CHANGE ORDER POLICY
for
FEDERAL AID STP/MG FUNDS**

Greater Lafayette Area Transportation and Development Study Area

The following procedures will be followed by the Area Plan Commission of Tippecanoe County (APC) in its capacity as Metropolitan Planning Organization (MPO), the INDOT Crawfordsville District Construction Engineers, the Local Government Engineers (LPA Engineer), and Project Construction Engineers regarding all federal aid local project change orders in Tippecanoe County, Indiana:

- When the LPA Engineer is informed by the Project Construction Engineer that a change order is required, the LPA Engineer shall contact the MPO to determine if or what portion of federal funds are available within the amount programmed for the project in the Transportation Improvement Program (TIP). The MPO will verify by phone whether or not the funds exist for the change order and inform the LPA Engineer if federal aid funds are available.
- The LPA Engineer will complete the change order form along with the amount of federal aid funds being requested, and send it directly to the MPO (APC). The Executive Director of the Area Plan Commission or designee will sign the change order and indicate the amount of federal, if any, and local funds required. The MPO will send the change order to the LPA Engineer for signature by the Board of County Commissioners, Mayor, or Town Council as appropriate.
- The LPA Engineer will provide a signed copy of the change order to the MPO.
- The MPO will forward the signed change order with the corresponding state Designation Number (Des #) to INDOT's Office of Policy and Budget Fiscal Management and the INDOT Crawfordsville District Construction Engineer.
- It is the responsibility of the local government to ensure that change orders have been provided to the MPO and that the MPO has signed off assuring that the federal aid funds are available.
- If this change order policy is not followed, the local government requesting federal aid funds will be required to use 100% local funds for the change order.
- When additional federal aid funds are not available within the amount programmed in the TIP, the local government may request a TIP amendment to increase the amount of federal aid available to the project. To facilitate such an eventuality, 5% of estimated federal funds will be left unprogrammed in the TIP so long as those unprogrammed funds are not in danger of being lost to the community. As custodians of those funds, the MPO (APC staff) will determine when all unprogrammed funds must be programmed.

- In Dayton, Battle Ground and Clarks Hill (which have no local government engineer), the Project Construction Engineer will fulfill the responsibilities of the LPA Engineer for purposes of compliance with this policy.

Adopted by the Area Plan Commission of Tippecanoe County in its capacity as the Policy Committee of the Metropolitan Planning Organization this 19th day of April 2006.

Gary Schroeder, President

Sallie Dell Fahey, Secretary

April 11, 2006